

## Message Text

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PAGE 01 STATE 170509  
ORIGIN EB-04

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DRAFTED BY EB:PHBOEKER:JB

APPROVED BY EB - MR. BOEKER

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 170509

PASS JULIUS L. KATZ

FOL RPT GENEVA 6049 ACTION SECSTATE INFO BRUSSELS 20 JUL 77  
QUOTE

C O N F I D E N T I A L GENEVA 6049

USEEC

FOR ASST SEC KATZ

DEPT PLEASE PASS ELECTRONICALLY TO STR; ALSO PASS USDOC ASST  
SEC WEIL AND DOL ASSOC DEP UNDERSEC BLACKMAN

E.O. 11652: GDS

TAGS: GATT, EEC

SUBJECT: TEXTILES: MFA RENEWAL NEGOTIATIONS

1. THIS MORNING'S (JULY 20) SEVEN-PLUS-SEVEN OPENED WITH REQUEST FROM  
D-G LONG FOR VIEWS OF "MOST CONCERNED DELS" ON DRAFTS OF  
STATEMENTS WHICH HE KNEW HAD BEEN INFORMALLY CIRCULATED AND  
WHICH SET OUT POSITIONS OF VARIOUS EXPORTING AND IMPORTING  
COUNTRIES OR GROUPS OF COUNTRIES ON HOW TO APPROACH  
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EXTENSION OF THE MFA.

2. EC REP TRAN SPOKE FIRST, STATING HE HAD WEAKENED POSITION  
OF EC FOR ITS PENDING BILATERAL NEGOTIATIONS BY SETTING FORTH  
FULL EC POSITION IN ADVANCE IN THE HOPE THAT THE OTHER PAR-  
TICIPATING COUNTRIES WOULD BE, IN TURN, ACCOMMODATING.  
HE STATED THAT A PROPOSED TEXT FOR THE D-G SUMMATION

HAD BEEN PREPARED BUT WAS NOT YET QUITE READY AS A WRITTEN DOCUMENT. HE ADDED THAT HE HOPED THE OTHER PARTNERS WITH WHOM THE EC INTENDED TO CONCLUDE BILATERAL AGREEMENTS WOULD BE READY TO EXAMINE THE ELEMENTS OF THIS NEW TEXT IN A POSITIVE MANNER.

3. HAMZA, EGYPTIAN SPOKESMAN FOR LDC'S INDICATED HE WOULD LIKE TO SEE TEXT, AS DID SMITH OF US DEL.  
(NOTE: US DEL RECEIVED TEXT PRIVATELY JUST BEFORE MEETING STARTED.) SMITH ADDED US DEL PREPARED TO CONSULT ON TEXT BILATERALLY OR "PLURAL-LATERALLY."

4. INDIA'S RAMAKRISHNA THEN DELIVERED UNHELPFUL RESPONSE TO TRAN STATING THAT LATTER, EVEN BEFORE PRESENTING TEXT, HAS MADE STATEMENTS THAT POSE THREAT TO OTHER PARTIES WHO MAY BE IN BILATERALS WITH EC. (HE APPARENTLY WAS REFERRING TO EC'S PREVIOUSLY STATED INTENT TO USE 1976 AS BASE YEAR FOR BILATERALS AND INDIA'S INABILITY TO GET ASSURANCE THAT SUCH BASE WOULD NOT APPLY TO IT.)

5. SHIN OF KOREA REGRETTED THAT THERE WAS, AS YET, NO BREAK IN STALEMATE. KOREA, HE NOTED, HAD MADE GENUINE AND SINCERE EFFORT, BUT OBVIOUSLY MORE EFFORT WAS NEEDED BY ALL, IN WHICH KOREA WAS WILLING TO PARTICIPATE.  
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6. AT THIS POINT TRAN (EC) MADE MOST UNHELPFUL INTERVENTION WITH BROAD (AND IN US DEL'S VIEW HIGHLY PROVOCATIVE) STATEMENT THAT "WHATEVER HAPPENS DURING NEXT FIVE YEARS IN TEXTILE SECTOR, NOTHING, I REPEAT, NOTHING WILL BE THE SAME AS IT WAS IN THE LAST FOUR YEARS." THE EC, HE STATED, WAS NOT "ORGANIZING PROTECTIONISM BUT UNDOUBTEDLY ORGANIZED PROTECTIONISM AS WELL AS ORGANIZED LIBERALISM WAS BEING EXERTED." HE CONCLUDED BY STATING THAT HE WAS "PATIENT BUT CAN GO NO FURTHER -- THAT THIS WAS NOT A THREAT -- BUT MUST BE MADE CLEAR" -- AND THAT TONIGHT AFTER THE FINAL "TOILETTE" WAS FINISHED ON THE PAPER, IT WOULD BE PLACED BEFORE ALL. COMMENT: TRAN APPEARED TO BE PLAYING TO FRENCH MEMBER STATE REP WHO IS VERY MUCH THE HARD-LINER.  
END COMMENT.

7. ASEAN REP HOPED GIANTS WOULD AVOID RHETORIC, AND GIVE CONSIDERATION TO LITTLE PEOPLE. HE URGED THAT ALL LOOK AT NEW DRAFT TEXT.

8. IN ORDER TO GIVE TIME FOR EXAMINATION OF NEW

DRAFT TO BE PROVIDED BY EC, D-G LONG SET NEXT SEVEN-PLUS-SEVEN FOR FOUR P.M. THURSDAY WITH POSSIBILITY OF TC

MEETING ZWRHU

9. FYI. PRIVATE CONVERSATIONS PRIOR TO ABOVE MEETING ELICITED THAT EGYPTIAN DEL HAMZA NOW MIGHT BE PREPARED TO GO ALONG WITH A PREVIOUS TEXT OF STATEMENT PROPOSED FOR D-G LONG'S SUMMARY. END FQ.

10. AS NOTED IN PARA 3 ABOVE, US DEL HAS TEXT OF NEW EC DRAFT. ONLY REAL PROBLEM WITH IT, AS WE HAVE ALREADY INDICATED TO COMMISSION REPS, IS PHRASE MAKING RENEWAL CONDITIONAL. INDEED, WE HAVE JUST LEARNED FROM CONFIDENTIAL

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TRAN THAT HE, UNDER INSTRUCTIONS FROM DAVIGNON, MUST TIGHTEN THAT PHRASE EVEN FURTHER, BY MAKING IT EXPLICIT THAT EC WILL CONFIRM MFA RENEWAL ACCEPTANCE ONLY IN LIGHT OF THEIR SUCCESS IN BILATERAL NEGOTIATIONS BEFORE DECEMBER. SUCH EXPLICIT CONDITIONALITY WHICH THE EC HAD, AT US-JAPANESE INSISTENCE, DELETED FROM EARLIER DRAFTS WILL NOT, IN OUR VIEW, BE EASILY IF AT ALL ACCEPTED BY THE OTHER PARTICIPANTS. IN PARTICULAR, JAPAN AND THE US WILL HAVE SEVERE PROBLEMS, AND CERTAINLY THE GATT SECRETARIAT WILL. WE WILL WORK ON THIS PROBLEM THIS AFTERNOON AND EVENING WITH THE INTERESTED PARTIES.

11. AT EARLY AFTERNOON PRESS CONFERENCE (WHICH WAS ANNOUNCED THIS MORNING PRIOR TO THE SEVEN-PLUS-SEVEN MEETING), TRAN DISTRIBUTED WRITTEN PRESS STATEMENT (RELEASED SUBSEQUENTLY IN BRUSSELS) WHICH CONCLUDED WITH STATEMENT BLAMING A "HARD CORE OF EXPORTING COUNTRIES" FOR FAILING TO GRANT THE COMMUNITY THE "NECESSARY FACILITIES PERMITTING IT TO TEMPORARILY PUT ASIDE CERTAIN FORMAL PROVISIONS OF THE ARRANGEMENT." PRESS STATEMENT CONCLUDED: "IN THESE CIRCUMSTANCES, THE UNCEASING AND CONSIDERABLE EFFORTS OF MR. OLIVIER LONG, DIRECTOR-GENERAL OF THE GATT, DO NOT PRESENTLY PERMIT US TO FORESEE A POSITIVE OUTCOME OF THE NEGOTIATIONS UNDERTAKEN UNDER THE AUTHORITY OF THE TEXTILES COMMITTEE, UNLESS THERE IS AN IMPORTANT ABOUT FACE, WHICH IS ALWAYS TO BE HOPED FOR."

12. DURING QUESTION AND ANSWER SESSION TRAN WAS INTERRUPTED BY PHONE CALL WHICH HE DESCRIBED TO THE PRESS AS A REQUEST FROM BRUSSELS THAT HE HARDEN SOME OF THE LANGUAGE ON THE EC SIDE. HE ALSO SAID THAT IN THE EVENT OF FAILURE, THE EC WOULD FACE INSURMOUNTABLE PROBLEMS  
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REQUIRING IMMEDIATE ATTENTION, WHICH HE SAID COULD COME  
UNDER GATT ARTICLE 19 BUT ON A FAR GREATER SCALE THAN  
IN THE CASES OF CANADA AND AUSTRALIA. IN SUCH A EVENT,  
HE PRESUMED THE US, JAPAN AND OTHERS WOULD HAVE TO  
TAKE MEASURES, POSSIBLY EVEN IN AREAS OTHER THAN TEXTILES.  
VANDEN HEUVEL

UNQUOTE VANCE

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## Message Attributes

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